



Committed to the future of rural communities

## **U.S. DEPARTMENT OF AGRICULTURE**

### **RURAL DEVELOPMENT**



## **KANSAS**

### **RURAL HOUSING PROGRAM FACT SHEETS**



**EQUAL HOUSING  
OPPORTUNITY**

# INTRODUCTION

I am pleased to present this booklet which provides general information about USDA Rural Development in Kansas. It summarizes the many programs available to assist individuals in rural America.

**Our Vision Statement is:** We are partners in helping the people of rural America develop sustainable communities.

**Our Mission Statement is:** Enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

Our employees are committed to serving the rural residents of Kansas. Challenges are being met through the use of a statewide strategic plan. The plan recognizes the need to make the best and most efficient use of our skilled and committed staff and focuses on investing our limited resources by recognizing that Rural Development must leverage our resources with the resources of other organizations, both public and private. We believe that by working with other organizations and community leaders and being a catalyst for change, we can contribute to a more promising future for people throughout rural Kansas.

Our current plan emphasizes forging more partnerships and leveraging federal funds to the maximum to help as many individuals and communities as possible. In addition, our new mission area allows Rural Development to be the catalyst in assisting communities with assessing their needs, analyzing their resources and working together toward new solutions. In these cases, we bring our expertise in planning, financial management and technical assistance to the table to partner with others to help rural America.

Rural Development programs are delivered through eight USDA offices. For your convenience, we have attached a listing of these offices and staff, including names, addresses and phone numbers.

Thank you for the opportunity to share the vision of USDA Rural Development. We will look forward to assisting you with the improvement of the quality of life in rural Kansas.

Sincerely,

CHUCK BANKS  
State Director  
Kansas USDA Rural Development

## **TABLE OF CONTENTS**

### **PROGRAM FACT SHEETS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Rural Development Local Office Directory	5 & 6
Rural Development Area Office Directory	7
Rural Housing Loan and Grant Programs	9
Home Ownership Loans (Sec. 502)	10
Guaranteed Rural Housing Loans (Sec. 502)	11
Home Repair Loans and Grants (Sec. 504)	12
Housing Preservation Grant Program (HPG-Sec 533)	13
Rural Housing Site Loans (Sec. 524)	14
Self-Help Technical Assistance Grants	15
Farm Labor Housing Loans and Grants (Sec 514/516)	16
Rural Rental Housing Program (SEC 515)	17
Guaranteed Rural Rental Housing Program (Sec. 538)	18
Rural Development Internet Addresses	19

**KANSAS USDA RURAL DEVELOPMENT**  
**Field Offices**

<b>Colby</b>			
Keith R. Corbett	Cheyenne County	Thomas County	Greeley County
915 E. Walnut	Rawlins County	Sheridan County	Wichita County
Colby, KS 67701	Decatur County	Wallace County	Scott County
785-462-7671	Norton County	Logan County	Lane County
785-468-9726 (fax)	Sherman County	Gove County	
<b>Newton</b>			
Julie Peterman	Marion County	Butler County	Barber County
1405 S. Spencer Rd.	Chase County	Greenwood County	Harper County
Newton, KS 67114-4126	Stafford County	Pratt County	Sumner County
316-283-0370	Reno County	Kingman County	Cowley County
316-283-2379 (fax)	Harvey County	Sedgwick County	Chautauqua County
	Elk County		
<b>Garden City</b>			
James K. Sabourin	Hamilton County	Grant County	Stevens County
2106 E. Spruce	Kearny County	Haskell County	Seward County
Garden City, KS 67846	Finney County	Gray County	Meade County
620-275-0211	Hodgeman County	Ford County	Clark County
620-275-4903 (fax)	Edwards County	Kiowa County	Comanche County
	Stanton County	Morton County	
<b>Hays</b>			
Tracy McCubbin	Phillips County	Mitchell County	Rush County
2715 Canterbury	Smith County	Trego County	Barton County
Hays, KS 67601	Jewell County	Ellis County	Ellsworth County
785-628-3081	Graham County	Russell County	Pawnee County
785-625-6065 (fax)	Rooks County	Lincoln County	Rice County
	Osborne County	Ness County	McPherson County

**KANSAS USDA RURAL DEVELOPMENT**  
**Field Offices - Continued**

<b>Iola</b>			
Christie McReynolds	Osage County	Woodson County	Neosho County
202 W. Miller Road	Franklin County	Allen County	Crawford County
Iola, KS 66749	Coffey County	Bourbon County	Montgomery County
620-365-2901	Anderson County	Wilson County	Cherokee County
620-365-5785 (fax)	Labette County		
<b>Oskaloosa</b>			
Richard Boyles	Nemaha County	Atchison County	Douglas County
700 North Jefferson	Brown County	Jefferson County	Johnson County
Oskaloosa, KS 66066	Doniphan County	Leavenworth County	
785-863-2221	Jackson County	Shawnee County	
785-863-3229 fax			
<b>Manhattan</b>			
Bryan Rohn	Republic County	Riley County	Geary County
2615 Farm Bureau Road	Washington County	Pottawatomie County	Wabaunsee County
Manhattan, KS 66502	Marshall County	Ottawa County	Morris County
785-776-4582	Cloud County	Saline County	Lyon County
785-776-2733 (fax)	Clay County	Dickinson County	
<b>Paola</b>			
Carol S. Horting	Miami County	Linn County	
100 N. Angela, Ste 2			
Paola, KS 66071			
913-294-3751			
913-294-3386 (fax)			

# KANSAS USDA RURAL DEVELOPMENT

## Area Office Jurisdictions

<b>AREA 1</b>			
<b>MANHATTAN</b>			
Bill Moore - Area Manager	Brown County	Atchison County	Douglas County
2615 Farm Bureau Road	Clay County	Dickinson County	Jefferson County
Manhattan, KS 66502	Cloud County	Geary County	Johnson County
785-776-7582	Doniphan County	Jackson County	Leavenworth County
785-539-2733(fax)	Marshall County	Ottawa County	Lyon County
	Nemaha County	Pottawatomie County	Morris County
	Republic County	Riley County	Shawnee County
	Washington County	Saline County	Wabaunsee County
<b>AREA 2</b>			
<b>IOLA</b>			
Neal Troyer - Area Manager	Anderson County	Allen County	Barber County
202 W. Miller Road	Chase County	Bourbon County	Chautauqua County
Iola, KS 66749	Coffey County	Butler County	Cherokee County
620-365-2901	Franklin County	Elk County	Cowley County
620-365-5785 (fax)	Harvey County	Greenwood County	Crawford County
	Linn County	Kingman County	Harper County
	Marion County	Neosho County	Labette County
	Miami County	Pratt County	Montgomery County
	Osage County	Sedgwick County	Sumner County
	Reno County	Wilson County	
	Stafford County	Woodson County	
<b>AREA 3</b>			
<b>HAYS</b>			
Kent Colwell - Area Manager	Cheyenne County	Barton County	Clark County
2715 Canterbury Drive	Decatur County	Ellis County	Comanche County
Hays, KS 67501	Graham County	Ellsworth County	Edwards County
785-628-3081	Jewell County	Gove County	Finney County
785-625-6065(fax)	Logan County	Greeley County	Ford County
	Mitchell County	Hamilton County	Grant County
	Norton County	Lane County	Gray County
	Osborne County	Lincoln County	Haskell County
	Phillips County	McPherson County	Hodgeman County
	Rawlins County	Ness County	Kearny County
	Rooks County	Rice County	Kiowa County
	Sheridan County	Rush County	Meade County
	Sherman County	Russell County	Morton County
	Smith County	Scott County	Pawnee County
	Thomas County	Trego County	Seward County
	Wallace County	Wichita County	Stanton County
			Stevens County



## **U.S. Department of Agriculture RURAL DEVELOPMENT**

### **RURAL HOUSING LOAN AND GRANT PROGRAMS**

**Direct Housing Loans**--loans made by USDA Rural Development to low and very low income applicants to buy, build or repair homes--payments may be subsidized.

**Guaranteed Housing Loans**--loans made by approved lenders and guaranteed by USDA Rural Development to low and moderate income applicants to buy or build homes--30 year fixed interest rate.

**Home Repair Loans**--1% loans made by USDA Rural Development up to \$20,000 to very low income applicants to repair the home they own and occupy.

**Home Repair Grants**--grants made by USDA Rural Development up to \$7,500 to very low income senior/ handicapped applicants to repair the home they own to remove safety and health hazards.

**Site Loans**--loans made by USDA Rural Development to public bodies or not-for-profit entities to buy and develop lots to sell to very low to moderate income housing applicants at cost.

**Self-Help Housing Loans**--loans made by USDA Rural Development to housing applicants who agree to work together as a group to build their own homes.

**Technical Assistance Grants**--grants made by USDA Rural Development to not-for-profit entities to provide the technical assistance to Self-Help Housing Loan applicants to build their own homes.

**Rural Rental Housing Loans**--loans made by USDA Rural Development to individuals or organizations to construct apartments for very low to moderate income tenants--operated on a not-for-profit or a limited profit basis with subsidized rents--can include congregate housing.

**Guaranteed Rural Rental Housing Loans** – loans made by conventional lenders and guaranteed by USDA Rural Development to developers to construct apartments for low and moderate income households.

**Farm Labor Housing Loans/Grants**--loans/grants made by USDA Rural Development to public bodies, not-for-profit entities or individuals to finance rental units for domestic farm labor.

**Housing Preservation Grants**--grants made by USDA Rural Development to not-for-profit entities to operate a program which finances repair and rehabilitation activities to individual housing/rental properties for very low and low income property owners.

# **HOME OWNERSHIP LOANS (Sec. 502)**

HB-1-3550

## **Purpose**

To provide very low and low income families with financing to build or purchase homes and building sites that meet local codes and provide adequate affordable housing.

## **Eligible Applicants**

- Be without ownership of decent, safe and sanitary housing.
- Be unable to obtain a loan from other conventional lending sources on terms they can afford.
- Have sufficient income for loan repayment, taxes, insurance, living expense and other existing debts.
- Possess the legal capacity to incur debt.
- Be a very low or low income applicant (80% of County Median Income or less)
- Have an acceptable credit history.

## **Loan Purposes**

- Loan funds may be used to purchase a site and build a new home. Certified building plans, specifications and lot survey must be provided.
- Loan funds may be used to purchase an existing modest home which meets building standards or can be brought up to code with loan funds.
- Under certain limited conditions, funds may be used to refinance debts on a home.

## **Loan Terms**

Loans may be made for up to 100% of the appraised Market Value plus some of the closing costs. The loan will be for a 33 year term and under certain conditions it may be extended to 38 years. The interest rate changes based on the cost of funds to the Government, but the note rate stays the same after the loan is closed. The full note payment may be reduced on an annual basis by Payment Assistance which is based on household annual adjusted income.

## **Location and Type of Home**

Rural areas up to 10,000 population and areas of 10,000 to 20,000 populations that are not located in a Metropolitan Statistical Area. Also, properties on a farm, or in open country not closely associated with an urban area, are eligible. The home must be located on a site which has a sewerage disposal and water system that is approved by the Department of Health. Adequate streets and other services are approved on a site by site basis.

Homes financed must be modest housing that is structurally sound, in good repair, and thermally efficient. The modest home financed must not exceed the HUD Section 203b limit for the county in which the property is located. The home cannot have an in-ground swimming pool, but otherwise is not limited in amenities.

## **Other Features**

These loans may be made in partnership with a conventional loan. With these leveraged loans, the loan will be secured by a second mortgage with the conventional lender having the first lien. The interest rate charged to the borrower for the Rural Development loan will be a reduced rate, based on the income of the borrower. Applications are filed at the local office serving the area where the home to be financed is located.



## **Guaranteed Rural Housing (GRH) Loans**

### **Purpose**

To provide moderate and low-income families with affordable financing to purchase or build adequate housing. Applicants obtain GRH loans by applying with approved lenders participating in the program. The Guarantee allows the lender to loan up to 102% of appraised value without requiring mortgage insurance.

### **Loan Purposes, Rates & Terms**

- Mortgages have a 30-year, fixed rate at market interest rates.
- No set maximum loan limit. The maximum loan is limited only by the repayment ratios and appraisal.
- Loans may be for up to 102 percent of the appraised value with no down payment required.
- Since mortgage insurance is not required, GRH loans provide substantial savings over the life of the loan.
- If the appraisal is higher than the sales price, loans may include funds for closing costs/repairs.
- There is no limit to the amount that sellers may contribute to the buyer's closing costs.
- The one-time Guarantee Fee of 2% of the loan amount may be financed regardless of appraised value.
- If rates decline, existing GRH borrowers can refinance with a new GRH loan and the Guar. Fee is 0.5%.
- Home purchase loans can include funds for repairs such as siding, roofing, new heating/cooling systems, etc. as long as the total loan amount does not exceed the appraised value “as improved”.

### **Applicant Eligibility Requirements**

- Be a natural citizen or have qualified alien status, and have legal capacity to incur debt.
- Be without adequate housing, unable to make a 20% down payment and pay all closing costs.
- Adjusted household income cannot exceed the income limit for the county where the home is located.
- Acceptable credit history that indicates the ability and willingness to make regular monthly payments. Applicants with adverse credit can be granted exceptions in certain situations.
- Have income/employment which is stable and dependable to make regular monthly payments.
- Repayment ability – the house payment cannot exceed 29% of monthly gross income, and total monthly payments cannot exceed 41% of monthly gross income. A Waiver of these ratio requirements can be granted in certain situations.

### **Property Eligibility Requirements:**

- Existing homes must meet HUD standards: be structurally sound, functionally adequate, and in good repair
- For new construction, plans must meet specific requirements and be approved by the local building authority.
- Homes must be located in eligible geographic areas, generally in towns less than 20,000 in population and in open rural areas. Refer to the web site below for further information.

### **Other Information**

Interested home buyers should call the nearest USDA Rural Development local office for information about the program and participating lenders. Rural Development staff will refer potential applicants to participating lenders. Lenders interested in becoming approved to participate in the program should contact the Rural Development State Office at 785-271-2722 for further information. Lenders, Realtors, and applicants can utilize the following web site to determine if the applicant’s income is within the limits and to determine if the property is located in an eligible area: <http://eligibility.sc.egov.usda.gov/eligibility/mainervlet>.

## Section 504 HOUSING REPAIR LOAN/GRANT PROGRAM

### Purpose

USDA, Rural Development can assist very low-income households who need financial assistance for essential repairs and improvements to the homes they own and occupy.

Loan funds may be used to make general repairs and improvements to properties, and to remove health and safety hazards. Applicants may obtain multiple Section 504 loans, but the sum of the outstanding balance on **ALL** Section 504 loans cannot exceed \$20,000. The loans have a maximum term of 20 years; an **interest rate of 1%; and a 3 year recapture provision for grants.**

The **maximum lifetime** assistance available to any individual is \$7,500.00 for grants.

### ELIGIBILITY

- Must meet citizenship or eligible non-citizen requirements.
- Must possess the legal capacity to incur the loan obligation and not be suspended or debarred from participation in Federal Programs.
- Must have a credit history which indicates a reasonable ability and willingness to meet obligations as they become due.
- Must own and occupy the single family dwelling located in a rural area that is in need of repair. Evidence of ownership of the dwelling is required.
- Must be unable to obtain financial assistance from other non-government credit or grant sources, and lack personal resources that can be utilized to meet their needs.
- Direct loan applicants must be very low income. (50% or less of the median income for the county). Low-income applicants cannot receive assistance under Section 504.
- To qualify for a grant, at least one applicant must be 62 years of age or older and be unable to repay a 504 loan. Remember, grants can only be made for the removal of health and safety hazards and to improve handicapped accessibility.
- Must live in an eligible area. Any rural area or community with a population of less than 10,000. Some communities with a population up to 20,000, and have been designated as rural, may meet the eligibility requirements. Check with the Rural Development Local Office for further guidance.

### OTHER INFORMATION

- Loans over \$7,500 require a mortgage to be filed on the dwelling which is being repaired (best lien obtainable).
- Appraisals - An appraisal of the property to be repaired is required if the total indebtedness (including the new loan) against the property exceeds \$15,000.00.
- All 504 loans must be secured, whether or not an appraisal is completed. This means that the total amount of debt against the home (including the new loan) cannot exceed the property's market value. Provide a copy of your property valuation statement that you received from the Appraisers Office.
- **New loans which exceed \$7,500.00 require:** A commercial-quality credit report on each applicant (at no cost to the applicant).
- **New loans which exceed \$15,000.00 require:** Homeowner's insurance to be obtained on the property. The applicant, prior to loan closing, must pay one year's premium. Insurance must be maintained throughout the life of the loan.

## **Sec 533 HOUSING PRESERVATION GRANT PROGRAM (HPG)**

### **Purpose**

The HPG program offers funds to qualified public agencies, private nonprofit organizations and other eligible entities, which are authorized to assist low and very low-income rural homeowners in the repair and rehabilitation of their homes.

**Eligible Grant Purposes** - include, but are not limited to:

- Installation/repair of sanitary water and waste disposal systems.
- Energy conservation measures such as insulation; combination screen-storm windows and doors; and repair or replacement of the heating system.
- Electrical wiring.
- Repair of, or provisions for, structural supports and foundations.
- Repair or replacement of the roof, severely deteriorated siding, porches, or stoops.
- Construction to provide greater accessibility for any handicapped person residing in the home
- Additions to dwellings to alleviate overcrowding or to remove health hazards

### **Pre-application Submission Deadline**

A Notice of Availability of Funds (NOFA) is published in the Federal Register annually after October 1<sup>st</sup>. The State Office then issues a news release providing the amount of grant funds available and the timeframe for submitting pre-applications as stated in the NOFA.

### **Project Selection Criteria**

The State Office reviews and ranks the pre-applications and provides a list of the applicants and applicable information to the National Office for their approval and funding. The selection criteria includes points for the following criteria: percentage of very-low persons proposed to be assisted, population, percentage of funds which will be used for administrative purposes, component for alleviating overcrowding, leveraged funds, and administrative capacity to carry out the objectives of the grant.

### **Term of Grant**

The objectives of the grant shall normally be accomplished between 1 to 2 years.

### **Reporting Requirements & Compliance**

Progress in meeting grantees' established objectives and funds usage are monitored by the State Office through quarterly reports submitted by the grantee.

At the close of the grant, the Grantee will be required to provide a final audit.

## **RURAL HOUSING SITE LOANS (Sec. 524)**

### **Purpose**

To assist public or private nonprofit organizations with the purchase and development of adequate sites, including the construction of essential access roads, streets, utility lines, and necessary equipment which will become a permanent part of the development.

### **Eligible Applicants**

The applicant must be a private or public nonprofit organization.

### **Loan Limitations**

\$100,000 or total development costs or value of property as improved, whichever is less. May be a larger loan, if prior authorization is obtained from the National Office.

### **Application**

The application will be in the form of letter which will include:

- a financial statement
- general description of the project
- estimated cost and amount of loan needed
- evidence of inability to obtain credit elsewhere
- evidence of need for the proposed sites in the locality by low- and moderate-income families

### **Terms**

Current note rate for Section 524 loans. Three percent for Section 523 self-help housing loans. Maturity date will be two years from the date the loan is made. National Office may authorize an extension of the maturity date.

### **Security**

Each loan will be secured by a mortgage on the property purchased or improved with the loan and a security interest in the funds held by the corporation in trust for the Government.

### **Funding**

Allocations are maintained at the National Office. Applicants must get prior National Office approval before proceeding with the final request.

### **Eligible Loan Purposes**

- Access roads, streets, and utility lines.
- Purchase of land.
- Public water and waste disposal facilities, including Rural Development Water and Waste Disposal association loan.
- Engineering fees, legal fees, and closing costs.
- Actual cash costs of incidental administrative expenses such as postage, telephone, advertising, etc.
- Needed landscaping, planting, seeding, or sodding, or other necessary improvements such as walks, parking areas, and driveways.

### **Ineligible Loan Purposes**

- Purchase more land than immediate needed for locality (generally, how many lots can be sold within 2 years).
- Payment of commissions or refinancing debts
- Purchase of land from a member of applicant-organization.
- To develop lots which will be excessive in costs.

### **Program Restrictions**

The sites developed with a site loan (Sec. 524) must be for housing low and moderate income families and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any Section of Title V of the Housing Act of 1949. This could be a private lender, HUD, individuals who are eligible for a VA guaranteed loan, state or local public agencies such as a housing authority as long as they meet the income guidelines.

# **Mutual Self-Help Housing Program**



## **Purpose**

To provide grant funds to eligible organizations that are willing to screen applicants and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50% of median income, living in substandard housing.

## **Eligible Applicants for Technical Assistance Grant**

Be an organization having the financial, legal and administrative capacity to administer the grant.

- May be a State, political subdivision, or public nonprofit corporation or,
- A private, nonprofit corporation that is owned and controlled by private persons or interests and is organized and operated for purposes other than making gains or profits for the corporation.

## **Applications**

Pre-applications may be submitted to any Area Office in Kansas: Manhattan, Iola or Hays.

## **Funding**

National Office maintains the funding for this program. Eligible applications will be submitted to National Office for consideration.

## **Term**

Grants are made on a two-year basis. 8-10 families working together construct each others homes, under the direction of a construction supervisor until all homes are completed. Construction normally takes 6-8 months to complete the houses. Three 8-month building cycles, by 3 different groups would complete the 24 month grant period.

## **General Comments**

The self-help participants must, by agreement, contribute a significant amount of labor so that housing costs are reduced and made more affordable. Selected phases of construction are those which can be performed under the supervision by the grant program construction supervisor. Families are not expected to perform more technical phases of construction which may require licensed workers. Participants should be prepared to contribute approximately 30 hours of work per week, per group member.

## **SECTION 514 FARM LABOR HOUSING LOAN & SECTION 516 FARM LABOR HOUSING GRANT PROGRAM**

**PURPOSE:** Provide loans and grants for rental housing in rural areas for domestic farm laborers. The program has two basic components: one is a “loan only” to farmers for “On-Farm” housing on a non-rental basis. The other is a “loan or a combination loan/grant” for “Off-farm” housing on a rental basis for the local agricultural market. Loans are primarily made to build, buy, improve, or purchase apartment-style housing usually consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost, providing decent, safe, and sanitary living units adequate to meet the tenant’s needs.

**ELIGIBLE APPLICANTS:** Farm labor housing loans may be made to an individual farm owner, family farm partnership, family farm corporation, an association of farmers, State and local public agencies, broad-based public or private profit and non-profit organizations.

**APPLICATION PROCESS/DEADLINES:** The Section 514/516 Farm Labor Housing loan and grant program for “*Off-Farm*” developments is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in a Notice of Funding Availability (NOFA). The NOFA is published in the *FEDERAL REGISTER* annually after October 1<sup>st</sup>. “*On-farm*” labor housing applications may be submitted anytime during the fiscal year.

**AVAILABLE FUNDING:** Funding is held by National Office. All applications will be screened at the State Office level for completeness; and forwarded to the National Office for consideration of funding.

**REFERENCE:** Rural Development Instruction 1944-D (Farm Labor Housing Loan and Grant Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

**CONTACT:** Tim G. Rogers, Housing Programs Director  
(785) 271-2718 or email at [tim.rogers@ks.usda.gov](mailto:tim.rogers@ks.usda.gov)

## SECTION 515 RURAL RENTAL HOUSING LOAN PROGRAM

**PURPOSE:** Provide loans for rental housing in rural areas for persons or families with very-low, low and moderate incomes, including elderly persons and persons with disabilities. Loans are primarily made to build or purchase apartment-style housing consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost, providing decent, safe, and sanitary living units adequate to meet the tenants' needs.

**ELIGIBLE APPLICANTS:** Rental housing loans can be made to individuals, trusts, associations, partnerships, limited-partnerships, State and local agencies, consumer cooperatives, and profit and non-profit corporations.

**APPLICATION PROCESS/DEADLINES:** The Section 515 Rural Rental Housing loan program is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in the Notice of Funding Availability (NOFA). The NOFA is published in the *FEDERAL REGISTER* annually after October 1<sup>st</sup>. The closing deadline for receipt of all applications is listed in the NOFA.

**SOURCE OF FUNDS:** Appropriated by Congress annually.

**REFERENCE:** Rural Development Instruction 1944-E (Rural Rental and Rural Cooperative Housing Loan Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

**CONTACT:** Virginia M Hammersmith, Housing Specialist  
(785) 271-2721 or at [virginia.hammersmith@ks.usda.gov](mailto:virginia.hammersmith@ks.usda.gov)

Patsy A Frommer, Housing Specialist  
(785) 271-2725 or at [patsy.frommer@ks.usda.gov](mailto:patsy.frommer@ks.usda.gov)

## **Section 538 Guaranteed Rural Rental Housing Program**

### **LOAN PRODUCTS**

- up to 90% guarantee
- interest credit (interest rate buy down)

### **ELIGIBLE PURPOSES**

- New construction and acquisition with
- Substantial rehabilitation
- Take-out permanent financing and combination construction/permanent loans

### **ELIGIBLE USES**

- All hard costs
- Soft costs – professional services, bond fees, developer's fees, land acquisition & development, cost of financing

### **ELIGIBLE BORROWERS**

- Individuals partnerships, non-profit or for-profit corporations
- Limited liability companies and trusts
- State and local agencies, Indian Tribes

### **ELIGIBLE AREAS**

- Rural areas with populations up to 20,000

### **ELIGIBLE LENDERS**

- Lenders eligible for approval include HUD, Fannie Mae, and Freddie Mac approved multifamily lenders
- Lenders with multifamily lending experience and demonstrated capacity to provide all aspects of loan processing, including disposition.

### **BENEFITS TO LENDERS**

- 90% protection against loan losses
- Credit towards fulfillment of Community Re-investment Act requirements
- Secondary mortgage market participation
- Loans exempted from lender's legal lending limits
- Enables lenders to expand their portfolios, while improving the economic health of rural communities

### **LOAN FEATURES**

- **Loan to Value (LTV)**
- 90% or less for loans made to for-profit entities
- 97% or less for loans made to non-profit entities
- **Interest Rate**
- Best negotiated rate between lender and borrower fixed over the loan term
- Buy down interest rate of eligible projects with annual interest credit payments to the Applicable Federal Rate.
- **Maximum Repayment Terms**
- 25 year min., 40 year max.
- 25 year min. for balloon with 40 year amortization
- **Maximum Loan Amount**
- No limit

### **PROGRAM GUIDELINES**

- Available to families or persons whose incomes at time of initial occupancy do not exceed 115% of median income
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size

Average rent (including tenant—paid utilities) for all units in a project cannot exceed 30% of 100% of area median income

### **GRRHP REGULATIONS & FORMS**

- Regulations are available online at: <http://rdinit.usda.gov/regs/hblist.html#hbw6>
- Forms are available online at: <http://rdinit.usda.gov/regs/formtoc/html>
- The application process and competitive selection criteria will be described in an annual Notice of Funding Availability (NOFA) published in the Federal Register



# **RURAL DEVELOPMENT INTERNET ADDRESSES**

Listed below are several web sites with USDA Rural Development information.

USDA Rural Development Home Page

<http://www.rurdev.usda.gov>

Kansas USDA Rural Development Home Page

<http://www.rurdev.usda.gov/ks/>

Rural Housing Service Home Page

<http://www.rurdev.usda.gov/rhs>

Rural Development Regulations

<http://www.rdinit.usda.gov/regs>

For further information you may contact:

--

USDA Rural Development  
1303 SW First America Place  
Topeka, Kansas 66604  
785-271-2700 Phone  
785-271-2784 Fax  
tim.rogers@ks.usda.gov

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410